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How AI Helped a California City Insure Against Flood Risk.

Floods are frequent, unpredictable and expensive. Fremont, Calif., is one of the first cities to secure flood insurance designed using AI.

In Brief:

- A series of damaging floods in recent months has brought financial hardship to local governments.
- Scientists are developing new maps and tools that allow insurers to cover entire areas for disasters such as flooding, rather than coverage for specific buildings.
- A Bay Area city is among the first to buy this form of insurance, which is driven by insights from artificial intelligence.

Sitting high and dry on a hill, the police complex in Fremont, Calif., was the one municipal facility with flood insurance. This was because the hill was technically in a flood plain and the building served as collateral for a bond.

Steven Schwarz, Fremont's risk manager, found this frustrating. "I have to insure a building for flood that's never going to be flooded, whereas I've got other places in the city that potentially could be flooded," he says.

When Schwarz brought this up in a conversation with his insurance broker, the broker introduced him to another option: A policy that could protect the city in the event of flooding anywhere in Fremont's entire geographical area.

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